

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 031106

C O R R E C T E D C O P Y (PARAS 5, 6 & 7)

E.O. 11652: N/A

TAGS: APUB, ID

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO INDONESIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON TWO DIRECT CREDITS TOTALLING DOLS 35,955,400 TO GOVERNMENT OF INDONESIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C., AFTER 2:00 P.M. THURSDAY, FEBRUARY 12, 1976

QUOTE: TWO EXIMBANK CREDITS TOTALLING DOLS 35.9 MILLION SUPPORT U.S. JET AIRCRAFT SALES TOTALLING DOLS 89.9 MILLION TO INDONESIA

TO HELP FINANCE DOLS 89,888,500 IN SALES OF U.S. JET AIRCRAFT, RELATED SPARE PARTS AND GROUND SUPPORT EQUIPMENT FOR USE BY P.T. GARUDA INDONESIAN AIRWAYS, THE EXPORT-IMPORT BANK HAS AUTHORIZED DIRECT CREDITS TOTALLING DOLS 35,955,400 TO THE GOVERNMENT OF INDONESIA.

ESTABLISHED IN 1949, GARUDA IS THE NATIONAL FLAG CARRIER AND IS UNCLASSIFIED

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WHOLLY-OWNED BY THE GOVERNMENT. IT OPERATES DOMESTIC ROUTES

IN INDONESIA AND SERVES AMSTERDAY, ATHENS, FRANKFURT, PARIS AND ROME IN EUROPE; BANGKOK, BOMBAY, COLOMBO, HONG KONG, KARACHI, JUALA LUMPUR AND SINGAPORE IN ASIA; AND MELBOURNE AND SYDNEY IN AUSTRALIA.

ONE EXIMBANK CREDIT OF DOLS 28.4 MILLION WILL HELP FINANCE THE SALE OF TWO DC-10-30 AIRCRAFT AND SPARE PARTS COSTING DOLS 71 MILLION TO BE USED ON INTERNATIONAL FLIGHTS. MCDONNELL DOUGLAS CORPORATION OF BURBANK, CALIFORNIA, WILL MAKE DELIVERY DURING 1976.

EXIMBANK'S CREDIT REPRESENTS 40 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF DOLS 35.5 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50 PERCENT AND THE BORROWER WILL MAKE CASH PAYMENT OF 10 034:3,5, REPRESENTING THE BALANCE OF THE TOTAL US COSTS.

THE SECOND EXIMBANK CREDIT IS FOR DOLS 7,555,400 AND WILL FINANCE THE SALE OF THREE DC-9 AIRCRAFT COSTING DOLS 18,888,500 TO BE USED ON DOMESTIC AND REGIONAL FLIGHTS. MCDONNEL DOUGLAS WILL MAKE DELIVERY DURING 1976 AND 1977.

EXIMBANK'S CREDIT REPRESENTS 40 PERCENT OF THE TOTAL US COSTS. A CREDIT OF DOLS 9,444,250 FROM COMMERCIAL SOURCES NOT YET DESIGNATED WILL FINANCE 50 PERCENT AND THE BORROWER WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

EXIMBANK'S INTEREST RATE OF 9 PERCENT PER ANNUM ON BOTH CREDITS COMBINED WITH THE INTEREST RATE FROM COMMERCIAL SOUCES WILL RESULT IN AN ESTIMATED INTEREST COST TO THE BORROWER OF 9.5 PERCENT TO 10 PERCENT PER ANNUM.

BOTH LOANS ARE TO BE REPAID OVER A PERIOD OF 10 YEARS, WITH EXIMBANK TO BE REPAID OUT OF A PORTION OF THE 12TH INSTALLMENT AND ALL OF INSTALLMENTS 13 THROUGH 20. UNQUOTE
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